

URBAN&CIVIC PLC
(the "Company")

TERMS OF REFERENCE OF THE NOMINATION AND GOVERNANCE COMMITTEE

Approved by the Board of Directors of the Company on 24 September 2019

TERMS OF REFERENCE OF THE NOMINATION AND GOVERNANCE COMMITTEE

1 MEMBERSHIP

- (a) The board of directors of the Company (the "**Board**") has resolved to establish a committee of the Board to be known as the nomination and governance committee.
- (b) The role of the committee is to:
 - (i) ensure that there is a formal, rigorous and transparent procedure for appointments to the Board;
 - (ii) lead the process for appointments and make recommendations to the Board;
 - (iii) assist the Board in ensuring its composition is regularly reviewed and refreshed, taking into account the length of service of the Board as a whole, so that it is effective and able to operate in the best interests of shareholders;
 - (iv) ensure plans are in place for orderly succession to positions on the Board and as regards senior management, including the company secretary;
 - (v) oversee the development of a diverse pipeline for succession;
 - (vi) work and liaise with other Board committees, as appropriate, including the remuneration committee in respect of any remuneration package to be offered to any new appointee of the Board;
 - (vii) to oversee all matters relating to corporate governance; and
 - (viii) to keep the Group's governance arrangements under review and to make appropriate recommendations to the Board to ensure that they are consistent with corporate governance standards and best practice.
- (c) Membership of the nomination and governance committee shall consist of at least two independent non-executive directors. A majority of the members of the committee shall be independent non-executive directors.
- (d) Only members of the nomination and governance committee have the right to attend committee meetings. However, other individuals such as the chief executive or managing director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- (e) Appointments to the committee are made by the Board and shall be for a period of up to three years, which may be extended for two further periods of up to three-years, provided the director still meets the criteria for membership of the committee.
- (f) The Board shall appoint the committee chair who should be an independent non-executive director. In the absence of the committee chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The chair of the Board shall not chair the committee when it is dealing with the appointment of their successor.
- (g) The Board and the committee shall review membership of the nomination and governance committee annually, as part of the annual performance evaluation of the committee.

2 SECRETARY

The Company secretary or his or her nominee shall act as the secretary of the committee and provide all necessary support to the committee, including ensuring that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3 **QUORUM**

The quorum necessary for the transaction of business shall be two both of whom must be independent non-executive directors.

4 **FREQUENCY OF MEETINGS**

The committee shall meet at least twice a year and otherwise as required. Meetings may be held by telephone conference.

5 **NOTICE OF MEETINGS**

- (a) Meetings of the committee shall be called by the secretary of the committee at the request of any member of the committee.
- (b) Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time (although such notice period may be waived or shortened with the consent of all the members of the committee for the time being).

6 **MINUTES OF MEETINGS**

- (a) The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- (b) The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- (c) Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the committee chair it would be inappropriate to do so.

7 **ANNUAL GENERAL MEETING**

The committee chair should attend the annual general meeting to answer any shareholder questions on the committee's activities and responsibilities.

8 **DUTIES**

- (a) The committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.
- (b) The committee shall:
 - (i) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and its committees, taking into account the Company's strategic priorities and matters affecting the Company in paragraph 8(b)(vi) and make recommendations to the Board with regard to any changes;
 - (ii) give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, the skills, experience, independence, knowledge and diversity needed on the Board in the future, the length of service of the Board as a whole and the need for its membership to be regularly refreshed;
 - (iii) oversee the development of a diverse pipeline for succession for the Board and senior management, having regard to diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;

- (iv) keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- (v) in conjunction with human resources prepare a policy on the promotion of diversity and inclusion on the Board and in senior management and across the Group;
- (vi) keep up to date and fully informed about strategic issues and commercial changes affecting the long-term success and future viability of the Company and the market in which it operates;
- (vii) be responsible for identifying and nominating for the approval of the Board, candidates from diverse backgrounds to fill Board vacancies as and when they arise;
- (viii) before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the committee shall:
 - (1) use open advertising or the services of external advisers to facilitate the search;
 - (2) consider candidates from a wide range of backgrounds;
 - (3) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, social and ethnic backgrounds, taking care that appointees have enough time available to devote to the position;
- (ix) for the appointment of a chair, prepare a job specification, including the time commitment expected. A proposed chair's other significant commitments should be disclosed to the Board before appointment and any changes to the chair's commitments should be reported to the Board as they arise;
- (x) prior to the appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest;
- (xi) ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- (xii) ensure that all directors offer themselves for annual re-election by shareholders in accordance with Provision 18 of the 2018 UK Corporate Governance Code (the "**Code**") or the retirement by rotation provisions in the articles of association, having regard to their performance and ability to continue to contribute to the Board and the Company's long-term sustainable success, in the light of the knowledge, skills and experience required and the length of service of the Board as a whole and its membership being regularly refreshed;
- (xiii) keep under review the number of external appointments held by each director and ensure that any new additional external appointments are approved in advance by the chair of the Board before being accepted;
- (xiv) ensure that all new directors undertake an appropriate induction programme to ensure that they are fully informed about the Company's main areas of business activity, including those involving significant risk, and the strategic priorities and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a director;

- (xv) consider any training requirements for the Board as a whole;
- (xvi) assist the chair of the Board and the senior independent director with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the Board and its committees, including consideration of balance of skills, experience, independence and knowledge of the Company, its diversity, how the Board works together as a unit, and other factors relevant to the Board's effectiveness;
- (xvii) review the results of the Board performance evaluation process that relate to the composition of the Board, its diversity and how effectively the members of the Board work together to achieve objectives;
- (xviii) ensure that evaluation of the Board is externally facilitated at least every three years;
- (xix) review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- (xx) keep under regular review any authorisations granted by the Board in connection with a directors' conflict of interest;
- (xxi) work and liaise as necessary with all other Board committees;
- (xxii) monitor and advise the Board on compliance with relevant corporate governance rules and guidelines such as the UK Corporate Governance Code and those issued by institutional investor bodies;
- (xxiii) oversee all matters relating to corporate governance including the development and review of an appropriate governance framework and policies to promote proper governance within the Group; and
- (xxiv) review the compliance of such policies and compliance with the UK Corporate Governance Code annually.

(c) The committee shall also make recommendations to the Board concerning:

- (i) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of chief executive and managing director;
- (ii) suitable candidates for the role of senior independent director;
- (iii) membership of the audit and remuneration committees, and any other Board committees as appropriate, in consultation with the chair of those committees;
- (iv) the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board and the Company's long-term sustainable success in the light of knowledge, skills and experience required and the length of service of the Board as a whole and its membership being regularly refreshed;
- (v) the re-election by shareholders of directors under the annual re-election provisions of the Code or the retirement by rotation provisions in the Company's articles of association, having due regard to their performance and ability to continue to contribute to the Board and the Company's long-term sustainable success in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board;

- (vi) the chair of the Board, having assessed every three years whether the present incumbent shall continue in post, taking into account the need for continuity versus freshness of approach;
- (vii) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract; and
- (viii) the appointment of any director to executive or other office.

9 **REPORTING RESPONSIBILITIES**

- (a) The committee chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (b) The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (c) The committee shall produce a report to be included in the Company's annual report about, among other matters, its activities, the process used to make appointments, its approach to succession planning and how both support developing a diverse pipeline and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the company.
- (d) The committee shall review the corporate governance report in the Company's annual report.
- (e) The report referred to in paragraph 9 (c) above should include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.
- (f) The committee shall ensure, through the chair of the Board, that the Company maintains contact and the committee chair seeks engagement, as required, with the Company's major shareholders on significant matters related to the committee's areas of responsibility.
- (g) The committee shall make publicly available the committee's terms of reference by placing them on the Company's website.

10 **OTHER MATTERS**

The committee shall:

- a) have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- c) give due consideration to laws and regulations, the provisions of the Code and the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate; and
- d) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11 **AUTHORITY**

The Board authorises the committee to:

- a) seek any information it requires from any employee of the Company in order to perform its duties;
- b) carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference; and
- c) have the right to publish in the Company's annual report details of any issues that cannot be resolved between the committee and the Board.